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OSA-2940-63

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REPLY TO:  
Auditor General  
Comptroller, USAF  
Eastern District  
Liaison Officer  
P.O. Box 8155  
S.W. Station  
Washington, D.C.

30 May 1963

SUBJECT: Report on Audit of Costs  
Shell Oil Company  
San Francisco, California  
Contract No. SH-513, Part I, Item 2

TO : Contracting Officer

1. In accordance with oral request, a review has been made of the costs incurred by the contractor under the portion of the subject contract relating to the purchase and installation of special fuel storage facilities and equipment at Castle Air Force Base, California. The related contract price of \$113,500 is subject to price redetermination after completion (unlimited downward and limited upward to a ceiling of 110% of contract cost). The work is to be performed without profit, however, provision is made to include a fixed amount of \$4,500 in the costs to cover general administration expense.

2. Contractor's Proposal. At the time of the audit the contractor had not submitted a cost proposal nor made any claim for progress payment although the contract work was physically completed. However, in a discussion with [redacted] Contractor's representative, the auditor was advised that, subject to the receipt of a small credit memo from one of its vendors, the final claim would be submitted for \$105,374.58, as detailed in Exhibit A. This anticipated credit is for some valves and rings returned to the vendor and amounts to \$54.19. STAT

3. All of the costs shown on Exhibit A were verified by the auditor by reference to purchase orders, vendors invoices and payroll records. At the time of audit the contractor had processed payments to the vendors for all the listed items except 5 items totalling \$2,472.00 in connection with which final actions were pending.

[redacted]  
Audit Liaison Officer  
Eastern District  
Auditor General  
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